

Message Text

UNCLASSIFIED

PAGE 01 SANTIA 04528 312008Z

60

ACTION ABF-01

INFO OCT-01 ARA-16 ISO-00 FSE-00 OPR-02 A-01 FRB-03 TRSE-00

/024 W

----- 055767

R 311709Z JUL 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 9623

UNCLAS SANTIAGO 4528

E.O.11652:N/A

TAGS: EFIN AFSP CI

SUBJ: DEVALUATION OF EXCHANGE RATE

REF: SANTIAGO 4401

1. EFFECTIVE JULY 31 CENTRAL BANK DEVALUED BANKERS RATE FROM 830 TO 860 ESCUDOS PER DOLLAR AND BROKERS RATE FROM 910 TO 950 ESCUDOS PER DOLLAR. RATE FOR LARGE COPPER MINES REMAINS UNCHANGED AT 550 ESCUDOS PER DOLLAR.

2. DEVALUATION IS 3.6 PERCENT FOR BANKERS AND 4.4 PERCENT FOR BROKERS RATE AND DIFFERENTIAL BETWEEN TWO REMAINS ABOUT 10 PERCENT. THERE HAVE NOW BEEN THREE DEVALUATIONS IN JULY FOR A CUMULATIVE CHANGE OF 14.7 PERCENT IN BANKERS AND 15.2 PERCENT IN BROKERS RATE. CONSUMER PRICE INDEX (CPI) CHANGE FOR MONTH OF JUNE WAS 20.8 PERCENT. BANKERS RATE CHANGE FOR FIRST SIX MONTHS OF YEAR WAS 108.3 PERCENT COMPARED TO CPI CHANGE DURING SAME PERIOD OF 145.6 PERCENT. COMPARABLE CHANGE FOR BROKERS RATE WAS ONLY 10 PERCENT.

3. COMMENT: ALL OTHER THINGS BEING EQUAL, MORE RAPID RISE IN CPI THAN BANKERS RATE DEVALUATIONS SERVES AS A DISINCENTIVE TO EXPORT AND AN INCENTIVE TO IMPORT - THE REVERSE OF STATED GOC POLICY. ONE IMPORTANT CENTRAL BANK OFFICIAL RECENTLY TOLD US THAT, ACCORDING THEIR CALCULATIONS, BANKERS RATE SHOULD NOW BE AT APPROXIMATELY

UNCLASSIFIED

PAGE 02 SANTIA 04528 312008Z

1000 ESCUDOS PER DOLLAR.

POPPER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE RATES, ESCUDO, DEVALUATIONS, RETAIL PRICE INDEXES
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANTIA04528
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740208-1098
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974072/aaaaabnk.tel
Line Count: 62
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ABF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: SANTIAGO 4401
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 26 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 SEP 2002 by ThomasVJ>; APPROVED <21 JAN 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DEVALUATION OF EXCHANGE RATE
TAGS: EFIN, AFSP, CI
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005